

Message Text

SECRET

PAGE 01 KUWAIT 01916 041216Z

46

ACTION NEA-06

INFO OCT-01 SS-14 ISO-00 EB-03 NSC-05 NSCE-00 FRB-01

TRSE-00 OMB-01 INR-05 CIAE-00 EUR-08 /044 W

----- 018453

R 041150Z MAY 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2906

S E C R E T KUWAIT 1916

LIMDIS/NORFORN

DEPT PASS FRB AND TREASURY

E.O. 11652: GDS

TAGS: EFIN, EALR KU

SUBJECT: KUWAIT FUND INVESTMENT PORTFOLIO

1. DURING CONVERSATION ON OTHER MATTERS WITH HIGHLY AUTHORITY SOURCE, EMBOFF WAS ABLE TO LEARN ABOUT MAKE-UP OF INVESTMENT PORTFOLIO OF KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT (KFAED). AS FAR AS WE KNOW THIS INFO HAS NOT OTHERWISE BEEN MADE AVAILABLE TO USG OFFICIALS PREVIOUSLY, AND IT SHOULD BE TREATED AS EXTREMELY SENSITIVE.

2. KFAED INVESTMENT ASSETS PRESENTLY TOTAL BETWEEN \$450 AND 500 MILLION. OF THESE OVER TWO-THIRDS, PERHAPS AROUND 70 PERCENT, ARE IN DOLLAR BONDS OR DOLLAR BANK DEPOSITS. MOST ARE THOUGHT TO BE IN US BANKS, INCLUDING EUROPEAN BRANCHES OF US BANKS. SPECIFICALLY \$240 MILLION ARE IN BANKS IN DOLLAR DENOMINATED 3-6-9 AND 12 MONTH CDS. KFAED BOND PORTFOLIO INCLUDES ABOUT \$8 MILLION IN SHORT-TERM DOLLAR BONDS, ABOUT \$7 MILLION IN MEDIUM-TERM DOLLAR BONDS AND ABOUT \$70 MILLION IN LONG-TERM DOLLAR BONDS. THUS, DOLLAR ASSETS OF KFAED TOTAL ABOUT \$325 MILLION.

3. SOURCE TOLD EMBOFF THAT DESPITE RECENT WEAKENING OF DOLLAR AND LOSSES SUFFERED BY KFAED AT TIMES OF PREVIOUS DOLLAR

SECRET

SECRET

PAGE 02 KUWAIT 01916 041216Z

DEVALUATIONS, KFAED MANAGEMENT REMAINS CONVINCED THAT PRE-

PONDERANT MAJORITY OF INSTITUTION'S INVESTMENTS ASSETS SHOULD BE IN DOLLAR HOLDINGS. MOREOVER, APART FROM DAY-TO-DAY HEDGING, KFAED LIKELY TO HOLD ONTO DOLLAR ASSETS DESPITE PERIODIC EXCHANGE RATE FLUCTUATIONS.

4. IN ADDITION TO DOLLAR ACCOUNTS AND DOLLAR INSTRUMENTS, KFAED HOLDS SIMILAR ASSETS DENOMINATED IN DMS, SWISS FRANCS, FRENCH FRANCS, DUTCH GULDERS AND AUSTRIAN SCHILLINGS. IT KEEPS MINIMUM IN STERLING, AND BUYS AS MANY KUWAITI DINAR DENOMINATED BONDS AS IT CAN. KFAED DOES NOT RPT NOT HOLD ANY EQUITY INSTRUMENTS.

5. OF TOTAL AUTHORIZED CAPITAL OF KD1 BILLION (KD EQUALS ABOUT \$3.50), KD400 MILLION HAS BEEN PAID IN. ADDITIONAL CAPITAL WILL BE PAID-IN AS NEEDED BY MINISTRY OF FINANCE UPON REQUEST OF KFAED DIRECTOR ABD AL-LATIF AL-HAMAD.
MAU

SECRET

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANK ACCOUNTS, CURRENCIES, FINANCIAL DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAY 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KUWAIT01916
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750156-0503
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750582/aaaacwzp.tel
Line Count: 78
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: SECRET
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 AUG 2003 by MartinML>; APPROVED <01 DEC 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KUWAIT FUND INVESTMENT PORTFOLIO
TAGS: EFIN, EALR, KU, KFAED
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006